

**COMMONWEALTH OF PENNSYLVANIA**  
**CATASTROPHIC LOSS BENEFITS CONTINUATION FUND**  
**STATUS OF FUND AND**  
**OUTSTANDING LIABILITY REPORT**  
**Projected as of June 30, 2014**

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**January 27, 2014**

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Attachment A - Auto CAT Fund Cash Flow

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## **I. Executive Summary**

The Catastrophic Loss Benefits Continuation Fund's (Auto CAT Fund) is projected to be fully funded as of June 30, 2014. Generally speaking this means that the projected revenue will be sufficient to cover projected expenditures.

Last year the Auto CAT Fund was projected as of June 30, 2013 to be fully funded. The Auto CAT Fund's expected claim payments subsequent to June 30, 2014 under the current base scenario assumptions is less than 1% higher than the base scenario in the prior actuarial report.

The Auto CAT Fund's independent actuaries utilize the Social Security Period Life Table 2009 which assumes no impact of the injury on future life expectancy, for all but three injury types. For these three injury types (about 22% of open claims) where future mortality is expected to be impacted, the current independent actuaries selected the Social Security Disabled Life Table 1974.

Actuarial estimates are subject to uncertainty from various sources, including changes in claim reporting patterns, claim settlement patterns, judicial decisions, CMS recovery liens, legislation, economic conditions, mortality, etc. Actual future losses, loss adjustment expenses, and other expenses will not develop exactly as projected and may, in fact, vary significantly from one projection to another.

Ten years ago the medical claim cost inflation rate was adjusted to 5.0 % based on a review of the historical Weighted Average Medical Consumer Price Index data. A slightly lower inflation rate of 4.0% was chosen as the base assumption for this report. Under either the 4.0% or 5.0% rates of inflation, the ultimate projected fund status is fully funded (no deficit). The base assumption interest rate is 4.0 %, unchanged for the last ten years. This rate was chosen based on a review of the historical Return on 10-year T-Bills and in consideration of the long term nature of this fund.

The Auto CAT Fund is projected to be fully funded as of June 30, 2014. The Auto CAT Fund is projected to make the last payment in fiscal year 2087-2088. Action or reaction based on the Auto CAT Fund's projected status should be tempered in consideration of the variables mentioned above, including but not limited to, changes in economic condition or claim payment patterns.

## II. Introduction

This report titled "Status of Fund and Outstanding Liability Report" provides the status and outstanding liability of the Auto CAT Fund. The report reflects actual claims experience as of September 30, 2013 and estimates the revenues and liabilities from June 30, 2014 forward. The report is submitted by the Insurance Commissioner and the Secretary of the Budget to the General Assembly as required by 75 Pa. C.S. §1798.4 (the Act of July 1, 1989, P.L. 115, No. 24) ("Act 24") and is due by January 31 of each year.

The definition of fully funded liability in this report is the estimated present value (on June 30, 2014) of all future claim and administrative payments on all known and expected claims incurred but not reported (IBNR), less projected investment income and the Auto CAT Fund balance.

The Auto CAT Fund was originally financed by a transfer of funds from the automotive Catastrophic Loss Trust Fund (Trust Fund). The Auto CAT Fund received funding from moneys collected from surcharges on certain traffic violations until December 31, 2003, and continues to receive funds earned through investment and reinvestment. The moneys are used to pay benefits to eligible persons severely injured in automobile accidents.

## III. Background

The Motor Vehicle Financial Responsibility Law, 75 Pa. C. S. §§1701 *et seq.* ("MVFRL"), created the Trust Fund effective October 1, 1984. The original \$5 and subsequent \$8 annual charges assessed on each motor vehicle registration allowed payment of benefits on behalf of eligible Pennsylvanians. The Trust Fund was designed to compensate victims of catastrophic motor vehicle accidents by providing benefits for reasonable, necessary and accident related medical treatment and rehabilitative services in excess of \$100,000. Trust Fund benefits are restricted by statute to \$50,000 annually after the first 18 months of eligibility, when there is no cap in place, with a \$1 million lifetime maximum.

Act 144 of 1988, 75 Pa. C. S. §§1761-1769, ("Act 144"), repealed the provisions of the MVFRL which created the Trust Fund. However, Act 144 did not address the continuation of benefits to accident victims who were injured while the Trust Fund existed or provide for such protection to be offered by the commercial insurance market. In addition, Act 144 did not provide for funding the outstanding liability of the Trust Fund.

Act 4 of 1989, 75 Pa. C. S. §1798.1 and §1798.2, ("Act 4"), extended full Catastrophic Loss Trust Fund coverage through May 31, 1989 and required that automobile insurers offer, on a voluntary basis, extraordinary medical benefits effective June 1, 1989 to replace benefits previously provided by the Trust Fund. Act 4 terminated Trust Fund eligibility as of June 1, 1989 and provided for limited continued eligibility through December 31, 1989.

Act 24 of 1989, in addition to creating the Auto CAT Fund, imposed surcharges ranging from \$30 to \$300 on certain traffic violations and required that the moneys be used to pay catastrophic loss benefits and to administer the Auto CAT Fund.

Act 72 of 1995, §4706.1, authorized funds within the Auto CAT Fund for contract settlement costs between the Commonwealth of Pennsylvania and Envirotec, Inc. as long as the transfer of funds did not prevent the timely processing and payment of catastrophic loss benefits.

Act 13 of 2002, Subchapter B, §712 (m) specifies that the collection of surcharge revenue by the Auto CAT Fund ceased after December 31, 2003. Also, Act 13, Subchapter B, §713 (c) specifies that the Auto CAT Fund may be required to loan money to the Medical Care Availability and Reduction of Error (Mcare) Fund.

#### **IV. Report Assumptions**

This report uses claim experience data of the Trust Fund and the Auto CAT Fund. Actuarial estimates of future claim and administrative payments are included as well as outstanding benefit and administrative liabilities.

The actuarial analysis uses the following assumptions:

- Medical claim costs will increase at approximately 4.00 percent per year.
- Investment income is calculated based on a 4.00 percent yield applied to the average Auto CAT Fund balance during the period.
- There will be no other dramatic changes in the political, social or socio-economic environment that might materially affect the cost or frequency of medical benefits paid by the Auto CAT Fund.
- There will be no acceleration or deceleration in disbursement patterns attributable to changes in claims administration or for any other reason.
- Expenses for administration of claims are estimated at 11.10% percent of benefit payments.

#### **V. Fully Funded Liability vs. Unfunded Liability**

The Auto CAT Fund is projected to be fully funded as of June 30, 2014. This means that as of June 30, 2014 the estimated Auto CAT Fund balance of \$98.0 million plus the estimated interest of \$23.5 million will equal or exceed the estimated outstanding responsibility for claims and administrative costs of \$ 121.5 million.

Last year the Auto CAT Fund was anticipated to be fully funded as of June 30, 2013. This was based on an estimated June 30, 2013 Fund balance of \$95.6 million plus estimated interest of \$31.5 million to equal or exceed the estimated outstanding responsibility for claims and administrative costs of \$127 million.

Attachment A, Auto CAT Fund Cash Flow, reflects actual and/or estimated revenue, expenses and outstanding liabilities for fiscal years 2013-2014 through 2087-2088. For assumption scenarios where the deficit equals zero, such as the one which is the basis of this report, investment income will cease to be shown at the point whereby the continuation of investment income would produce a positive final fund balance. It is assumed that any excess of revenue above that needed to pay expenditures would be surrendered. For this reason, in Attachment A investment income is no longer shown after the fiscal year 2020-2021.

Attachment B, Summary Update Chart, compares changes to key indicators between the prior and current year's actuarial analyses that estimate outstanding liabilities following June 30, 2013 and June 30, 2014 respectively.

#### **VI. Surcharge Revenue**

Pursuant to Act 24 of 1989, the Auto CAT Fund was in part financed by surcharges on certain traffic violations. Surcharge revenue ceased being directed to the Auto CAT Fund after December 31, 2003 under Act 13 of 2002.

#### **VII. Loans to Medical Care Availability and Reduction of Error (Mcare) Fund**

As permitted in Act 13 of 2002, the Auto CAT Fund processed the following loans to Mcare:

- \$7.0 million, effective December 15, 2002. The loan principal balance was fully repaid as of June 20, 2003. Interest in the amount of \$52,500 was paid by October 15, 2003. The \$7.0 million loan repayment with interest did not impair the Auto CAT Fund's ability to pay claims.
- \$97.0 million, effective July 23, 2004. The loan principal balance was fully repaid with interest in the amount of \$3,483,124 on July 28, 2005. The \$97.0 million loan repayment with interest did not impair the Auto CAT Fund's ability to pay claims.

**VIII. Auto CAT Fund Summary Data (December 31, 2013)**

|   |                  |
|---|------------------|
| Fund Balance  | \$101,774,231.95 |
| Number of Open Claims   | 440              |
| Claims assigned to the Claims Administrator<br>(Since Fund Inception) | 2875             |
| Benefit Recipients (Since Fund Inception)                             | 1884             |
| Total Benefits paid (Since Fund Inception)                            | \$511,424,351.97 |



Pennsylvania Insurance Department / Bureau of Special Funds  
 Catastrophic Loss Benefits Continuation Fund (CLBCF)  
 Actuarial Analysis as of June 30, 2014  
 Based on Data as of September 30, 2013

Cash Flow Analysis - Base Scenario

|                  |      |
|------------------|------|
| Scenario =       | 8    |
| Interest Rate =  | 4.0% |
| Inflation Rate = | 4.0% |

| (1)                   | (2)               | (3)               | (4)           | (5)           | (6)                                 | (7)            | (8)                    | (9)           | (10)                                 | (11)                              |
|-----------------------|-------------------|-------------------|---------------|---------------|-------------------------------------|----------------|------------------------|---------------|--------------------------------------|-----------------------------------|
| Fiscal Period         | Surcharge Revenue | Investment Income | Other Revenue | Total Revenue | Mortality Adjusted Medical Payments | Claims Expense | Administrative Expense | Total Expense | Revenues Over / (Under) Expenditures | CAT Fund Balance at End of Period |
| 7/1/2013 - 6/30/2013  | 0                 | 2,178,899         | 0             | 2,178,899     | 1,138,940                           | incl. in (8)   | 60,607                 | 1,197,547     | 981,152                              | 98,700,583                        |
| 10/1/2013 - 6/30/2014 | 0                 | 2,968,315         | 0             | 2,968,315     | 3,650,726                           | 51,359         | 515,393                | 4,517,478     | -1,609,163                           | 98,072,572                        |
| 7/1/2014 - 6/30/2015  | 0                 | 3,608,453         | 0             | 3,608,453     | 5,134,984                           | 68,755         | 877,393                | 5,779,132     | -1,970,679                           | 96,101,893                        |
| 7/1/2015 - 6/30/2016  | 0                 | 3,730,938         | 0             | 3,730,938     | 5,114,262                           | 68,485         | 876,063                | 5,765,811     | -2,025,722                           | 94,076,171                        |
| 7/1/2016 - 6/30/2017  | 0                 | 3,851,227         | 0             | 3,851,227     | 5,010,990                           | 65,221         | 864,126                | 5,646,343     | -1,965,116                           | 92,081,055                        |
| 7/1/2017 - 6/30/2018  | 0                 | 3,573,710         | 0             | 3,573,710     | 4,814,368                           | 63,687         | 852,586                | 5,330,841     | -1,957,131                           | 90,123,924                        |
| 7/1/2018 - 6/30/2019  | 0                 | 3,498,937         | 0             | 3,498,937     | 4,768,768                           | 61,838         | 834,868                | 5,333,494     | -1,834,557                           | 88,289,367                        |
| 7/1/2019 - 6/30/2020  | 0                 | 3,429,302         | 0             | 3,429,302     | 4,552,744                           | 59,188         | 811,924                | 5,123,853     | -1,694,551                           | 86,574,816                        |
| 7/1/2020 - 6/30/2021  | 0                 | 1,835,214         | 0             | 1,835,214     | 4,302,015                           | 55,928         | 483,731                | 4,841,872     | -3,006,458                           | 83,568,357                        |
| 7/1/2021 - 6/30/2022  | 0                 | 0                 | 0             | 0             | 4,174,170                           | 54,264         | 469,358                | 4,697,791     | -4,697,791                           | 78,870,567                        |
| 7/1/2022 - 6/30/2023  | 0                 | 0                 | 0             | 0             | 4,020,569                           | 52,269         | 452,087                | 4,524,940     | -4,524,940                           | 74,345,626                        |
| 7/1/2023 - 6/30/2024  | 0                 | 0                 | 0             | 0             | 3,888,625                           | 50,552         | 437,249                | 4,376,426     | -4,376,426                           | 69,969,201                        |
| 7/1/2024 - 6/30/2025  | 0                 | 0                 | 0             | 0             | 3,735,097                           | 48,558         | 419,585                | 4,203,638     | -4,203,638                           | 65,765,562                        |
| 7/1/2025 - 6/30/2026  | 0                 | 0                 | 0             | 0             | 3,568,615                           | 48,392         | 401,266                | 4,018,272     | -4,018,272                           | 61,747,290                        |
| 7/1/2026 - 6/30/2027  | 0                 | 0                 | 0             | 0             | 3,414,377                           | 44,387         | 383,923                | 3,842,616     | -3,842,616                           | 57,904,604                        |
| 7/1/2027 - 6/30/2028  | 0                 | 0                 | 0             | 0             | 3,233,886                           | 43,341         | 374,872                | 3,752,098     | -3,752,098                           | 54,152,506                        |
| 7/1/2028 - 6/30/2029  | 0                 | 0                 | 0             | 0             | 3,203,538                           | 41,846         | 360,215                | 3,605,399     | -3,605,399                           | 50,547,108                        |
| 7/1/2029 - 6/30/2030  | 0                 | 0                 | 0             | 0             | 3,065,237                           | 39,848         | 344,884                | 3,449,750     | -3,449,750                           | 47,097,357                        |
| 7/1/2030 - 6/30/2031  | 0                 | 0                 | 0             | 0             | 2,937,812                           | 38,189         | 330,314                | 3,306,115     | -3,306,115                           | 43,791,242                        |
| 7/1/2031 - 6/30/2032  | 0                 | 0                 | 0             | 0             | 2,778,195                           | 36,117         | 312,349                | 3,126,700     | -3,126,700                           | 40,664,542                        |
| 7/1/2032 - 6/30/2033  | 0                 | 0                 | 0             | 0             | 2,602,184                           | 33,828         | 292,597                | 2,928,610     | -2,928,610                           | 37,737,932                        |
| 7/1/2033 - 6/30/2034  | 0                 | 0                 | 0             | 0             | 2,524,185                           | 32,814         | 283,927                | 2,840,827     | -2,840,827                           | 34,897,105                        |
| 7/1/2034 - 6/30/2035  | 0                 | 0                 | 0             | 0             | 2,459,091                           | 31,968         | 276,508                | 2,767,567     | -2,767,567                           | 32,129,539                        |
| 7/1/2035 - 6/30/2036  | 0                 | 0                 | 0             | 0             | 2,368,837                           | 30,792         | 266,337                | 2,665,766     | -2,665,766                           | 29,463,773                        |
| 7/1/2036 - 6/30/2037  | 0                 | 0                 | 0             | 0             | 2,276,747                           | 29,593         | 258,004                | 2,562,349     | -2,562,349                           | 26,901,424                        |
| 7/1/2037 - 6/30/2038  | 0                 | 0                 | 0             | 0             | 2,178,057                           | 28,289         | 244,682                | 2,448,028     | -2,448,028                           | 24,453,396                        |
| 7/1/2038 - 6/30/2039  | 0                 | 0                 | 0             | 0             | 2,084,472                           | 26,838         | 232,135                | 2,323,448     | -2,323,448                           | 22,129,948                        |
| 7/1/2039 - 6/30/2040  | 0                 | 0                 | 0             | 0             | 1,984,160                           | 25,794         | 223,104                | 2,233,048     | -2,233,048                           | 19,896,900                        |
| 7/1/2040 - 6/30/2041  | 0                 | 0                 | 0             | 0             | 1,845,638                           | 23,993         | 207,529                | 2,077,160     | -2,077,160                           | 17,819,740                        |
| 7/1/2041 - 6/30/2042  | 0                 | 0                 | 0             | 0             | 1,690,701                           | 21,979         | 190,107                | 1,902,787     | -1,902,787                           | 15,916,953                        |
| 7/1/2042 - 6/30/2043  | 0                 | 0                 | 0             | 0             | 1,568,784                           | 20,634         | 178,648                | 1,768,097     | -1,768,097                           | 14,148,855                        |
| 7/1/2043 - 6/30/2044  | 0                 | 0                 | 0             | 0             | 1,484,057                           | 19,263         | 168,872                | 1,670,221     | -1,670,221                           | 12,478,634                        |
| 7/1/2044 - 6/30/2045  | 0                 | 0                 | 0             | 0             | 1,372,850                           | 17,847         | 154,367                | 1,545,065     | -1,545,065                           | 10,933,570                        |
| 7/1/2045 - 6/30/2046  | 0                 | 0                 | 0             | 0             | 1,228,838                           | 16,972         | 138,152                | 1,342,760     | -1,342,760                           | 9,590,810                         |
| 7/1/2046 - 6/30/2047  | 0                 | 0                 | 0             | 0             | 1,101,748                           | 14,427         | 124,783                | 1,249,955     | -1,249,955                           | 8,340,855                         |
| 7/1/2047 - 6/30/2048  | 0                 | 0                 | 0             | 0             | 984,047                             | 12,793         | 110,649                | 1,107,488     | -1,107,488                           | 7,233,367                         |
| 7/1/2048 - 6/30/2049  | 0                 | 0                 | 0             | 0             | 934,415                             | 12,147         | 103,088                | 1,051,631     | -1,051,631                           | 6,181,726                         |
| 7/1/2049 - 6/30/2050  | 0                 | 0                 | 0             | 0             | 803,645                             | 10,473         | 90,569                 | 908,707       | -908,707                             | 5,273,021                         |
| 7/1/2050 - 6/30/2051  | 0                 | 0                 | 0             | 0             | 730,569                             | 9,497          | 82,147                 | 822,213       | -822,213                             | 4,450,808                         |
| 7/1/2051 - 6/30/2052  | 0                 | 0                 | 0             | 0             | 626,238                             | 8,187          | 70,841                 | 707,048       | -707,048                             | 3,743,760                         |
| 7/1/2052 - 6/30/2053  | 0                 | 0                 | 0             | 0             | 527,539                             | 6,856          | 59,316                 | 593,715       | -593,715                             | 3,050,045                         |
| 7/1/2053 - 6/30/2054  | 0                 | 0                 | 0             | 0             | 481,626                             | 6,001          | 51,807                 | 519,534       | -519,534                             | 2,530,511                         |
| 7/1/2054 - 6/30/2055  | 0                 | 0                 | 0             | 0             | 409,521                             | 5,324          | 46,048                 | 460,892       | -460,892                             | 2,069,619                         |
| 7/1/2055 - 6/30/2056  | 0                 | 0                 | 0             | 0             | 349,803                             | 4,348          | 39,333                 | 393,889       | -393,889                             | 1,675,730                         |
| 7/1/2056 - 6/30/2057  | 0                 | 0                 | 0             | 0             | 300,825                             | 3,903          | 33,603                 | 336,337       | -336,337                             | 1,339,393                         |
| 7/1/2057 - 6/30/2058  | 0                 | 0                 | 0             | 0             | 237,771                             | 3,091          | 26,738                 | 267,597       | -267,597                             | 1,071,796                         |
| 7/1/2058 - 6/30/2059  | 0                 | 0                 | 0             | 0             | 206,728                             | 2,669          | 22,576                 | 228,908       | -228,908                             | 842,888                           |
| 7/1/2059 - 6/30/2060  | 0                 | 0                 | 0             | 0             | 184,713                             | 2,141          | 18,521                 | 185,375       | -185,375                             | 707,220                           |
| 7/1/2060 - 6/30/2061  | 0                 | 0                 | 0             | 0             | 127,884                             | 1,862          | 14,380                 | 143,926       | -143,926                             | 563,294                           |
| 7/1/2061 - 6/30/2062  | 0                 | 0                 | 0             | 0             | 100,278                             | 1,504          | 11,276                 | 112,857       | -112,857                             | 450,467                           |
| 7/1/2062 - 6/30/2063  | 0                 | 0                 | 0             | 0             | 82,213                              | 1,069          | 8,244                  | 92,526        | -92,526                              | 357,941                           |
| 7/1/2063 - 6/30/2064  | 0                 | 0                 | 0             | 0             | 70,484                              | 918            | 7,925                  | 78,329        | -78,329                              | 279,612                           |
| 7/1/2064 - 6/30/2065  | 0                 | 0                 | 0             | 0             | 59,804                              | 777            | 6,725                  | 67,306        | -67,306                              | 202,306                           |
| 7/1/2065 - 6/30/2066  | 0                 | 0                 | 0             | 0             | 42,708                              | 555            | 4,602                  | 48,065        | -48,065                              | 154,241                           |
| 7/1/2066 - 6/30/2067  | 0                 | 0                 | 0             | 0             | 33,557                              | 436            | 3,773                  | 37,766        | -37,766                              | 116,475                           |
| 7/1/2067 - 6/30/2068  | 0                 | 0                 | 0             | 0             | 26,892                              | 347            | 3,001                  | 30,940        | -30,940                              | 85,535                            |
| 7/1/2068 - 6/30/2069  | 0                 | 0                 | 0             | 0             | 21,366                              | 278            | 2,402                  | 24,048        | -24,048                              | 61,487                            |
| 7/1/2069 - 6/30/2070  | 0                 | 0                 | 0             | 0             | 14,603                              | 190            | 1,643                  | 16,440        | -16,440                              | 45,047                            |
| 7/1/2070 - 6/30/2071  | 0                 | 0                 | 0             | 0             | 11,462                              | 149            | 1,289                  | 12,900        | -12,900                              | 32,147                            |
| 7/1/2071 - 6/30/2072  | 0                 | 0                 | 0             | 0             | 8,887                               | 110            | 999                    | 10,001        | -10,001                              | 21,147                            |
| 7/1/2072 - 6/30/2073  | 0                 | 0                 | 0             | 0             | 6,422                               | 83             | 722                    | 7,227         | -7,227                               | 13,920                            |
| 7/1/2073 - 6/30/2074  | 0                 | 0                 | 0             | 0             | 4,785                               | 62             | 538                    | 5,383         | -5,383                               | 8,537                             |
| 7/1/2074 - 6/30/2075  | 0                 | 0                 | 0             | 0             | 3,548                               | 48             | 399                    | 3,991         | -3,991                               | 4,546                             |
| 7/1/2075 - 6/30/2076  | 0                 | 0                 | 0             | 0             | 2,583                               | 34             | 290                    | 2,907         | -2,907                               | 1,639                             |
| 7/1/2076 - 6/30/2077  | 0                 | 0                 | 0             | 0             | 1,841                               | 24             | 207                    | 2,072         | -2,072                               | 642                               |
| 7/1/2077 - 6/30/2078  | 0                 | 0                 | 0             | 0             | 1,258                               | 18             | 141                    | 1,418         | -1,418                               | 240                               |
| 7/1/2078 - 6/30/2079  | 0                 | 0                 | 0             | 0             | 821                                 | 11             | 92                     | 924           | -924                                 | 126                               |
| 7/1/2079 - 6/30/2080  | 0                 | 0                 | 0             | 0             | 551                                 | 7              | 62                     | 621           | -621                                 | 65                                |
| 7/1/2080 - 6/30/2081  | 0                 | 0                 | 0             | 0             | 381                                 | 5              | 41                     | 406           | -406                                 | 19                                |
| 7/1/2081 - 6/30/2082  | 0                 | 0                 | 0             | 0             | 230                                 | 3              | 28                     | 259           | -259                                 | 10                                |
| 7/1/2082 - 6/30/2083  | 0                 | 0                 | 0             | 0             | 143                                 | 2              | 18                     | 160           | -160                                 | 4                                 |





Pennsylvania Insurance Department / Bureau of Special Funds  
 Catastrophic Loss Benefits Contingency Fund (CLBCF)  
 Actuarial Analysis as of June 30, 2014  
 Based on Data as of September 30, 2013

Cash Flow Analysis - Base Scenario

|                  |      |
|------------------|------|
| Scenario =       | 6    |
| Interest Rate =  | 4.0% |
| Inflation Rate = | 4.0% |

| (1)                              | (2)               | (3)               | (4)           | (5)           | (6)                                 | (7)            | (8)                    | (9)           | (10)                                 | (11)                              |
|----------------------------------|-------------------|-------------------|---------------|---------------|-------------------------------------|----------------|------------------------|---------------|--------------------------------------|-----------------------------------|
| Fiscal Period                    | Surcharge Revenue | Investment Income | Other Revenue | Total Revenue | Mortality Adjusted Medical Payments | Claims Expense | Administrative Expense | Total Expense | Revenues Over / (Under) Expenditures | CAT Fund Balance at End of Period |
| 7/1/2003 - 6/30/2004             | 0                 | 0                 | 0             | 0             | 88                                  | 1              | 10                     | 99            | -99                                  | 82                                |
| 7/1/2004 - 6/30/2005             | 0                 | 0                 | 0             | 0             | 37                                  | 0              | 4                      | 41            | -41                                  | 40                                |
| 7/1/2005 - 6/30/2006             | 0                 | 0                 | 0             | 0             | 19                                  | 0              | 2                      | 22            | -22                                  | 18                                |
| 7/1/2006 - 6/30/2007             | 0                 | 0                 | 0             | 0             | 10                                  | 0              | 1                      | 12            | -12                                  | 7                                 |
| 7/1/2007 - 6/30/2008             | 0                 | 0                 | 0             | 0             | 5                                   | 0              | 1                      | 6             | -6                                   | 1                                 |
| 7/1/2008 - 6/30/2009             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2009 - 6/30/2010             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2010 - 6/30/2011             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2011 - 6/30/2012             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2012 - 6/30/2013             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2013 - 6/30/2014             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2014 - 6/30/2015             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2015 - 6/30/2016             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2016 - 6/30/2017             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2017 - 6/30/2018             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2018 - 6/30/2019             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2019 - 6/30/2020             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2020 - 6/30/2021             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2021 - 6/30/2022             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2022 - 6/30/2023             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2023 - 6/30/2024             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2024 - 6/30/2025             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2025 - 6/30/2026             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2026 - 6/30/2027             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2027 - 6/30/2028             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2028 - 6/30/2029             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2029 - 6/30/2030             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2030 - 6/30/2031             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2031 - 6/30/2032             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2032 - 6/30/2033             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2033 - 6/30/2034             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2034 - 6/30/2035             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2035 - 6/30/2036             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2036 - 6/30/2037             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2037 - 6/30/2038             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2038 - 6/30/2039             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2039 - 6/30/2040             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2040 - 6/30/2041             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2041 - 6/30/2042             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2042 - 6/30/2043             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2043 - 6/30/2044             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2044 - 6/30/2045             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2045 - 6/30/2046             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2046 - 6/30/2047             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2047 - 6/30/2048             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2048 - 6/30/2049             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2049 - 6/30/2050             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2050 - 6/30/2051             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2051 - 6/30/2052             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2052 - 6/30/2053             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2053 - 6/30/2054             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2054 - 6/30/2055             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2055 - 6/30/2056             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2056 - 6/30/2057             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2057 - 6/30/2058             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2058 - 6/30/2059             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2059 - 6/30/2060             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2060 - 6/30/2061             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2061 - 6/30/2062             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2062 - 6/30/2063             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2063 - 6/30/2064             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2064 - 6/30/2065             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2065 - 6/30/2066             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2066 - 6/30/2067             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2067 - 6/30/2068             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2068 - 6/30/2069             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2069 - 6/30/2070             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2070 - 6/30/2071             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2071 - 6/30/2072             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2072 - 6/30/2073             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2073 - 6/30/2074             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2074 - 6/30/2075             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2075 - 6/30/2076             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2076 - 6/30/2077             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2077 - 6/30/2078             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2078 - 6/30/2079             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2079 - 6/30/2080             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2080 - 6/30/2081             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2081 - 6/30/2082             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2082 - 6/30/2083             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2083 - 6/30/2084             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2084 - 6/30/2085             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2085 - 6/30/2086             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2086 - 6/30/2087             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2087 - 6/30/2088             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2088 - 6/30/2089             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2089 - 6/30/2090             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2090 - 6/30/2091             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2091 - 6/30/2092             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2092 - 6/30/2093             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2093 - 6/30/2094             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2094 - 6/30/2095             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2095 - 6/30/2096             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2096 - 6/30/2097             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2097 - 6/30/2098             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2098 - 6/30/2099             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2099 - 6/30/2100             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2100 - 6/30/2101             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2101 - 6/30/2102             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2102 - 6/30/2103             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2103 - 6/30/2104             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2104 - 6/30/2105             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2105 - 6/30/2106             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2106 - 6/30/2107             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2107 - 6/30/2108             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2108 - 6/30/2109             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2109 - 6/30/2110             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2110 - 6/30/2111             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2111 - 6/30/2112             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2112 - 6/30/2113             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2113 - 6/30/2114             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2114 - 6/30/2115             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2115 - 6/30/2116             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2116 - 6/30/2117             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2117 - 6/30/2118             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2118 - 6/30/2119             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2119 - 6/30/2120             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| 7/1/2120 - 6/30/2121             | 0                 | 0                 | 0             | 0             | 0                                   | 0              | 0                      | 0             | 0                                    | 0                                 |
| Total                            | 0                 | 28,613,948        | 0             | 28,613,948    | 113,133,567                         | 1,455,956      | 12,725,005             | 127,314,529   | -68,700,583                          |                                   |
| Nominal Total Post 06/30/2014    | 0                 | 23,526,932        | 0             | 23,526,932    | 108,045,902                         | 1,404,597      | 12,149,005             | 121,600,504   | -68,072,572                          |                                   |
| Discounted Total Post 06/30/2014 |                   |                   |               |               | 66,392,875                          | 863,107        | 7,485,414              | 74,721,397    |                                      |                                   |

Notes

- (2) Surcharge Revenue equals zero
- (3) Interest Income is calculated as the average fund value during the period except for the 7/1/2013 - 6/30/2013 period where the actual amount from the financial statement is set
- (4) Other Revenue equals zero.
- (5) Total Revenue = (2) + (3) + (4)
- (6) per Exhibit 6
- (7) (8) \* Claims Expense Ratio on Exhibit 6
- (8) ((6) + (7)) \* Administrative Expense Ratio on Exhibit 4
- (9) Total Expenditures = (6) + (7) + (8)
- (10) (5) - (9)
- (11) Prior Year (11) + (10)

**PENNSYLVANIA CATASTROPHIC LOSS BENEFIT CONTINUATION FUND  
(AUTO CAT FUND)**

|   | <u>As of 6/30/2013</u>   | <u>As of 6/30/2014</u>   |
|---|--|--|
| Projected Average Lifetime Cost per Claim | \$217,489.00   | \$217,319.00   |
| % Interest                                | 4%   | 4 %  |
| % Medical Inflation                       | 4%   | 4 %  |
| Mortality Table                           | Social Security Period Life 2005<br>Social Security Disabled Life 1974 | Social Security Period Life 2009<br>Social Security Disabled Life 1974 |
| Ultimate Payments                         | \$774.9  | \$774.6  |
| Projected Fund Balance                    | \$ 95.6  | \$ 98.1  |
| Projected Expected Deficit*               | \$ 0.00*   | \$ 0.00*   |
| Projected Final Benefit Payment Date      | June 30, 2087  | June 30, 2088  |
| Projected Annual Surcharge Revenue        | \$ 0.00**  | \$ 0.00**  |
| Projected Present Value of Fund Deficit*  | \$0.00   | \$ 0.00  |

\* Includes Claim Losses and Expenses.

\*\* Surcharge Revenue ceased to be remitted to the Auto CAT Fund after 12/31/03.

**NOTE: ALL AMOUNTS ARE IN MILLIONS EXCEPT PROJECTED AVERAGE LIFETIME COST PER CLAIM**